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Circulation salary survey

FOLIO:'s 1987 Circulation salary survey reveals who's earning what in circulation. Figures are reported by job title, region, magazine frequency and other key factors for circulation executives at business and consumer magazines. Compare your salary to these industry averages. **133**

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UPDATE

Will magazine prices rise as postage, paper costs mount?

Unable to raise ad rates, publishers may well turn to circulation—particularly subscriptions

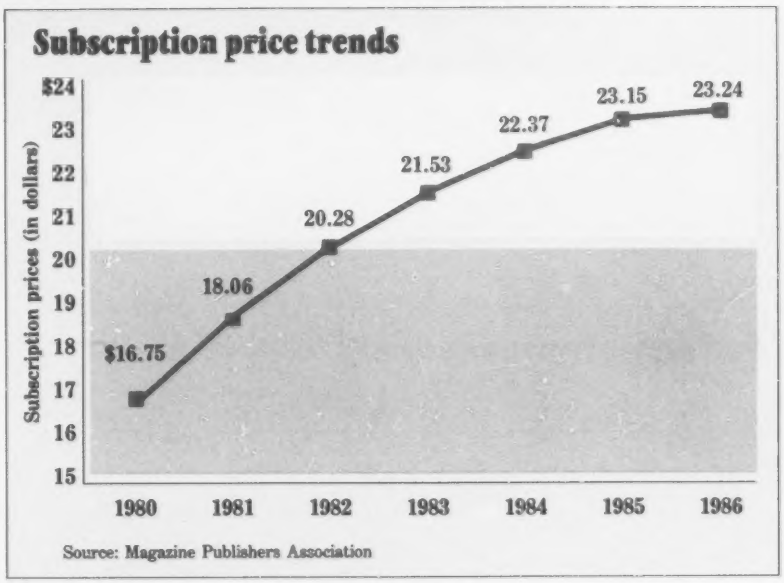
Facing increases in postal and paper costs, as well as declining ad revenue in a number of categories, many publishers, circulation consultants say, may break the steady-price trend of recent years, and raise prices on both subscriptions and single copies.

A survey conducted in August by E. Daniel Capell, president of Compuname/Names in the News, and editor of *Capell's Circulation Report*, shows that the magazine industry may be due for a round of subscription- and cover-price increases. At press time, 17 percent of 100 respondents—mostly consumer publishers—said they would raise subscription prices in 1988 or sooner; 37 percent were undecided. Similarly, 11 percent of respondents said they would raise cover prices, while 35 percent were undecided.

Although the number of publishers planning to raise prices isn't large—typically, one third to one quarter of magazines raise prices each year—the number of undecided publishers is significant. "It's the highest I've ever seen," Capell says. "It's double the percentage I usually see. There's a lot of thinking about what's going to happen in 1988."

Prices—particularly in the subscription area—had changed little since the early 1980s, thanks to a low inflation

(CONTINUED ON PAGE 48)



Circulation pricing on the rise? *Following a significant price jump from 1980 to 1982, subscription prices have held steady for several years. But several sources indicate that another price jump may be in the offing as publishers feel the pressure from mounting postage and paper costs.*

Magazine profits rise to 11%

Lower manufacturing and distribution costs improve bottom line, MPA/Price Waterhouse survey shows

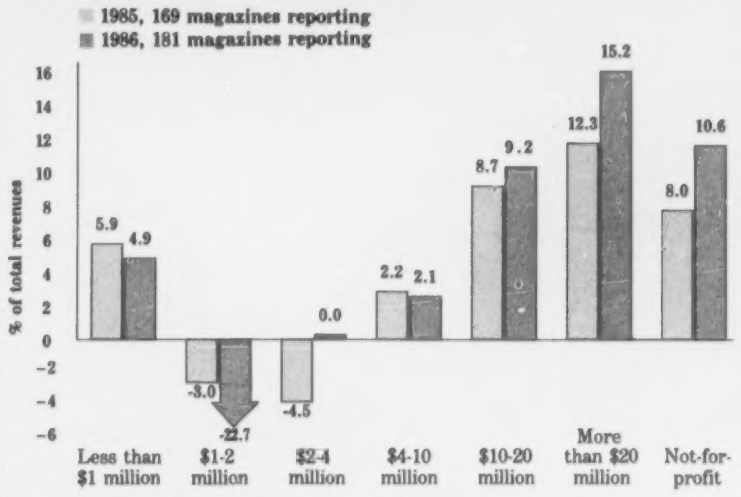
New York City—Pretax operating profits averaged 11 percent last year for the 181 magazines responding to the Magazine Publishers Association's (MPA) annual financial survey. The survey, tabulated by Price Waterhouse, showed profits rose from the 1985 average of 9.7 percent reported by the 169 participating magazines.

Total magazine costs dropped to 89 percent of revenue, down from 90.4 percent for the 1985 survey group, but higher than the 88.7 percent reported for the 172 magazines surveyed in 1984.

Although circulation costs again increased, by 0.7 percentage points, the climb was slower than in previous years and was more than compensated for by reductions in manufacturing and dis-

Magazine pretax operating profits (losses)

As a percent of total revenues, by annual ad revenues



Source: Magazine Publishers Association/Price Waterhouse

***Broken out by annual ad revenue** categories, magazines with revenues of more than $20 million earned the highest average operating profit, 15.2 percent. Performance for 1986 in the $1 million to $2 million category, however, sank to a 22.7 percent loss.*

Pretax operating profits

As a percent of total revenues, by circulation

Less than 250,000	5.8%
250,000-500,000	8.1
500,000-750,000	8.9
750,000-1,000,000	6.5
1,000,000-2,000,000	7.2
Over 2,000,000	14.1
Weekly/Biweekly	13.0
Not-for-profit	10.6

1986, 181 magazines reporting

Source: MPA/Price Waterhouse

***Magazines** with two million-plus circulation show the greatest profit, while small-circulation magazines show the least.*

Summary of responses to MPA financial surveys

	% of total magazine revenues		
	1984	1985	1986
Revenues			
Net advertising	51.9%	49.7%	48.3%
Gross subscription	33.0	33.3	33.6
Gross single copy	15.1	17.0	18.0
Total magazine revenues	100.0	100.0	100.0
Expenses			
Advertising	9.5	9.4	9.3
Circulation	24.8	26.9	27.6
Editorial	8.7	8.5	8.8
Manufacturing and distribution	36.6	36.2	33.8
Other operational costs	3.3	3.3	2.9
Administrative	5.9	6.1	6.5
Total magazine costs	88.7	90.4	89.0
Operating profit (before taxes)	11.3	9.7	11.0
Number of magazines reporting	172	169	181

Source: Magazine Publishers Association/Price Waterhouse

***Declining supply costs** offsetting rising circulation expenses accounted for moderate gain, to 11 percent, in pretax operating profits for the 181 magazines responding to the MPA/Price Waterhouse annual financial survey.*

tribution costs *(see table)*. At 33.8 percent, those costs averaged 2.4 percentage points lower than the year earlier. According to Robert Farley, MPA senior vice president, lower manufacturing costs were attributed to lower prices for supplies such as paper.

Editorial and administrative costs rose slightly, while advertising and operational costs retreated somewhat from the year-earlier survey.

Advertising continued to slip from its position as the primary magazine revenue source, accounting for 48.3 percent of total revenues in 1986. That is down from 49.7 percent in 1985 and 51.9 percent in 1984. Both single-copy sales, accounting for 18 percent of revenues, and subscriptions, 33.6 percent, contributed to circulation revenue gains.

Breaking the data into six circulation categories, magazines with more than two million circulation turned in the strongest results—an average 14.1 percent operating profit. The second most profitable group, at 8.9 percent, was the 500,000 to 750,000 circulation magazines. The 250,000 to 500,000 circulation category, which in 1985 experienced operating losses of 0.4 percent, turned around for an average pretax profit of 8.1 percent for 1986. Weeklies and biweeklies averaged operating profits of 13 percent.

When grouped by annual advertising revenues, magazines with ad revenues of more than $20 million per year saw average profits of 15.2 percent. Those with revenues between $10 million and $20 million posted a 9.2 percent profit.

Smaller magazines didn't fare so well. The $1 million to $2 million ad revenue category suffered an average loss of 22.7 percent, following a 3 percent loss in 1985. The $2 million to $4 million category broke even after a 4.5 percent loss the year before.□

ing financing from banks or venture capitalists.

Klein also had a ready store of product buyers—about 100,000—to whom he could send the magazine. "We're still plucking out the best names and feeding them the magazine," he says. Furthermore, advertisers from the directory and card-deck program formed a natural base from which to draw magazine advertising.

Before launching the magazine, Klein drew one third of his revenues from the newsletter, one third from advertising in the directory and card-deck program, and one third from the reports. Now, however, advertising in the magazine provides more than half of the firm's revenue, and it's the area with the greatest growth potential.

Klein likens his approach to publishing to a space mission: The ancillary products serve as "booster rockets" to get the spaceship off the ground; once in orbit, the ship releases the booster rockets and travels under its own steam. Although the magazine is now a profit center, Klein says he maintains a "judicious balance" between the time devoted to the magazine and the ancillary products.

Originally operating under the auspices of Harvard University, Klein took the company private in 1982.□

Paper leads in publishing costs

Printing and pre-press are second-highest costs

New York City—Paper, accounting for 40.9 percent of total production and distribution costs, is the biggest budget item for magazines, according to a survey on manufacturing and distribution costs conducted by Price Waterhouse for the Magazine Publishers Association (MPA). The survey reflects the 1986 production costs of 168 magazines.

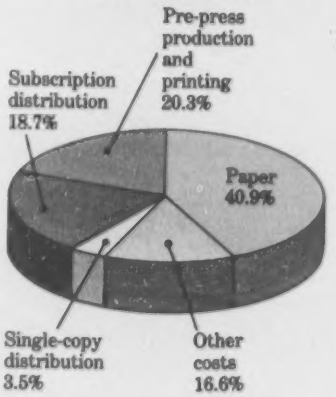
As a group, these magazines spent $590 million on paper last year. This breaks down to 24 cents per copy for text stock and 1.4 cents for cover stock. Pre-press production and printing costs, in second place, account for 20.3 percent of the expenses, with most of that amount attributed to printing. This figure includes typesetting, film assembly, presswork charges and other costs involved in making up magazine pages, excluding costs for preparing and printing covers. Printing costs per issue (excluding covers) are 13.6 cents.

The smaller the magazine, however, the less spent on paper, and the more spent on pre-press and production. For magazines with less than 500,000 annual print orders, paper consumes 22 percent of total expenses, while pre-press and production eat up 53.8 percent of the budget.

Similarly, magazines with print orders of 500,000 to 2.5 million spend 32.7 percent on pre-press, and 37.2 percent on paper. The largest gravure-printed magazines, by contrast, spend just 16.8 percent on pre-press and production and 44.7 percent on paper.

Subscription distribution, the third-highest budget item, accounts for 18.7 percent of budgets, while single-copy distribution takes up only 3.5 percent of expenses. Each subscription distribution costs 15.2 cents, while single-copy distribution costs about half that, or 7.4 cents. Magazines with

1986 manufacturing, distribution costs



Source: MPA/Price Waterhouse

For the average magazine, paper is the biggest piece of the budget pie, according to the biannual survey of manufacturing and distribution costs sponsored by the MPA. The survey reflects the 1986 budgets of 168 magazines. The percentages shown here are nearly identical to those reported in MPA's 1984 survey.

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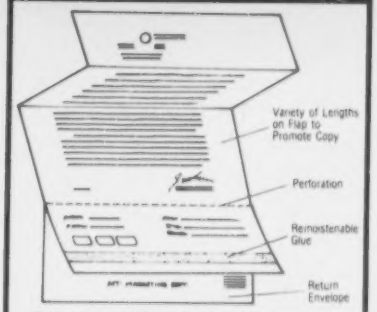

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1986 manufacturing, distribution expenses

Service/material	Cost per issue ¢
Printing (excludes covers)	13.6
Ink	3.0
Distribution cost/ subscription copy	15.2
Distribution cost/ single copy	7.4
Bindery	4.1
Paper (excludes covers)	23.8

***Paper cost a publisher** more than 23 cents per issue in 1986, according to a study conducted by Price Waterhouse for the Magazine Publishers Association.*

10 million to 25 million annual print orders spend the most on distribution, with subscription costs eating 22 percent of total budgets, and single-copy costs consuming 6.25 percent.

Almost half of the magazines surveyed are perfect bound. The most popular paper stock is 40 lb. to 49 lb. coated, used by 57 percent of respondents for all, or part, of an issue.

$1.4 billion in total costs

Magazines in the survey are grouped by annual print-order size, ranging from 500,000 or less to 25 million-plus. The 13 magazines in the smallest group spent a total of $4.7 million on production and distribution in 1986, amounting to an average $360,000 per title.

The 23 magazines in the 500,000 to 2.5-million category spent a total of $27.6 million last year, breaking down to $1.2 million per magazine. The 32 magazines in the 10-million to 25-million group spent $281.5 million on production and distribution, or $8.8 million per magazine.

In total, these 168 magazines spent $1.4 billion last year on printing, prepress, paper, ink and distribution.

Most of these figures have changed little over the past two years. A 1984 MPA production study found that paper costs accounted for 41.5 percent of the total budgets, that pre-press accounted for 21.25 percent, and that magazines spent 13.7 cents per issue for printing. Subscription distribution, at that time, accounted for 16.4 percent of total budgets, breaking down to 13.4 cents per copy. Costs for distributing single copies were about 5.5 cents per issue.□

Will drop shipping save you money?

Now is the time to decide whether proposed postal incentives will change the way you mail magazines

New York City—For the past several months, magazine publishers have been hearing that the proposed postal rate case offers incentives to drop ship, that is, to enter magazines into the mail stream closer to their points of destination.

Although the rate case won't be settled until next spring, publishers should begin now to analyze whether drop shipping will be economical, says Bernard Schraml, production manager, distribution, Reader's Digest Association, Pleasantville, New York, and speaker at a recent Graphic Communications Association (GCA) conference.

If the incentives in the proposed case remain intact, more mailers—even smaller ones—will probably take advantage of the strategy and drop ship mail to destination postal zones, or to one of 470 Sectional Center Facilities (SCFs) across the country, explains Russell Shores, corporate traffic manager, Brown Printing Co., Waseca, Minnesota, and GCA speaker. The new rate proposal offers a flat 11.4-cent per-pound rate for mail delivered to SCFs. That, mailers say, is more economical than the current discount for SCF delivery, which is the regular pound rate, plus a one-cent discount off the per-piece rate.

Large publishing companies, such as Time Inc. and Reader's Digest Association, are, of course, expected to take advantage of the incentive. Their magazines have circulations great enough to enable them to ship economically to a large number of entry points.

But, Schraml explains, even small-circulation magazines can take advantage of pool shipping—sharing transportation with several different magazines—in order to open up new entry points for mailing.

In fact, smaller publishers can receive the SCF discount even if the magazines aren't delivered directly to

How much will you save by drop shipping?

SCF	Entry office	Magazine copy count	Magazine weight	Depew zone cost	SCF zone cost	SCF savings	Freight cost	Net savings
900-LA	Depew, NY	50,000	20,000	$4,266	$2,052	$2,214	_____	_____
905-LA	Depew, NY	57,000	22,800	4,863	2,239	2,624	_____	_____
908-LA	Depew, NY	99,000	39,600	8,447	4,063	4,384	_____	_____
912-LA	Depew, NY	35,000	14,000	2,986	1,436	1,550	_____	_____

***A proposed postal discount** for mailing to destination Sectional Center Facilities (SCFs) could mean big savings for mailers who drop ship, but publishers must first analyze the costs involved. The above chart is a simplified version of one prepared by the Reader's Digest Association to calculate the savings of dropping magazines at SCFs, as opposed to mailing from the printer at Depew, New York. The dollar amounts in the chart are based on proposed rates. After figuring in freight costs to truck the magazines to Los Angeles, Reader's Digest will know the exact net savings for drop shipping to the destination SCF.*

Reader's Digest, has too many entry points to make personal visits practical, an introductory letter and questionnaire can be sent instead, he says.

His letter informs management at each postal center of the date that the magazine will start shipping copies to that center and lists names and telephone numbers of contacts at the company. Reader's also asks postal management for names of contact people, as well as the name and address of the person who should receive the payment and paperwork. Mail-acceptance hours and unloading information are also requested, he explains.□

Donnelley, Metromail agree to join forces

A recent merger agreement brings together the largest printer in the United States and a leading list and list enhancement company. In July, R. R. Donnelley & Sons announced an agreement to purchase the outstanding shares of Metromail Corporation for $29.75 per share, or about $289 million.

The merger links Donnelley's Selectronic binding technology with Metromail's list manipulation capabilities. For magazine publishers, the combination makes possible more accurate targeting of editorial and advertising material to specific audiences, according to Donnelley spokesperson James Ratcliffe.

Selectronic binding allows publishers to create a variety of demographic editions by binding selected forms of editorial and advertising. The demographic data used to drive the process derives from mailing lists enhanced with detailed reader information, such as sex, age and income, often cross-referenced with census and Zip data.

Metromail's database reportedly covers 78 million of 85 million American homes. The Selectronic binding equipment reads the demographic information from magnetic computer tape and selects the appropriate forms to be bound in an issue for each reader. The process even allows the various demographic editions to come off the bindery line in Zip sequence, giving the publisher optimum postal presort discounts.□

Magazine prices

(CONTINUED FROM PAGE 13)

rate, Capell says.

"If you look at stamp sheets," he notes, "the prices of weeklies have been stable for five years, and the prices of monthlies have increased by 10 percent." According to the Magazine Publishers Association (MPA), average subscription prices for 50 consumer magazines increased by 21.1 percent between 1980 and 1982, but inched up 13.7 percent from 1982 to 1986; single-copy prices increased by 21.6 percent between 1980 and 1982 and by 22.2 percent during the next four years.

Even the past year hasn't seen significant increases. Capell notes that 19 percent of respondents have raised newsstand prices so far in 1987, while 23 percent upped subscription costs. And, according to consultant David Foster, the average subscription price per copy crawled up just one penny, to $1.72, in calendar year 1986, while the average cover price increased nine cents, from $2.21 to $2.30.

Will subscriptions take the hit?

But the steady prices could turn around next year, according to Capell. "I've got a feeling that a portion of the undecided publishers are going to have to [raise prices]," he says. And, if prices increase, says circulation consultant John Klingel, it's likely that hikes will be concentrated on subscriptions, rather than single copies. "Most magazines," Klingel says, "are not doing well on the newsstand. To take prices up in a soft market is not easy. Prices now tend to be at the two- or three-dollar level, and there's not much room left to increase them."

One key factor in possible price hikes, Klingel says, is the postal rate increase that will take effect in mid-1988. Direct mail may "get slammed" by third class hikes of about 30 percent, while second class rate increases of as much as 40 percent to 50 percent may be in store for smaller magazines that don't carry much advertising, he notes.

The cost of paper, too, will "probably be going up," he says. Most manufacturers of coated #4 and #5 groundwood announced $3-per-hundredweight increases this summer, and similar hikes were planned for #4 and #3 freesheet. Sources say that another

round of hikes may take place this fall, depending on whether the summer's tight market continues.

Publishers' reluctance to raise advertising rates at a time of sluggish ad growth also puts pressure on subscription prices, adds Klingel. The ad-rate structure has, in fact, been steadily eroded by rate-card negotiations—a trend recently capped by *McCall's* decision to drop its rate card altogether. In addition, says Klingel, advertisers themselves have been unable to raise product prices during a time of low inflation, and so are unwilling to tolerate any ad-price increases.

Circulation pricing is also more flexible then ad-rate pricing, says J. Kendrick Noble, first vice president, PaineWebber Inc. Publishers can raise subscription prices two or three points above the rate of inflation, but can raise ad rates only at the level of inflation, he says. As a result, he predicts, circulation will continue to increase its contribution to magazine revenues, and may account for two-thirds of a publisher's overall revenue within a decade.

Capell warns, however, that subscription price increases may cause a decline in unit sales, at least for the first few months after the hike. Ironically, he says, the end result could be a decline in circulation revenue.

The Economist announces increase

A number of magazines contacted by FOLIO: indicated that they were indeed raising—or had recently raised—either their subscription prices or single-copy prices, or both. *The Economist*, for example, increased its basic subscription rate from $85 to $98 in July, the first increase since 1980; the discounted introductory price went up proportionately. The magazine also boosted its newsstand price from $2.50 to $3 at the end of last year. The increases result, in large part, from the growing cost of transmitting the weekly by satellite from Great Britain, where it is edited, explains Beth Maher, circulation director for the North American edition. The cost of airshipping the magazine throughout the United States has also gone up, she adds.

Maher says she expects more magazines to raise prices this year. "Publishers are finding that the subscription price is important," she says.

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"You can't just give away the store and have advertisers pick up the tab." Price increases, she adds, ought to come in one fell swoop so that consumers don't feel "nickled and dimed."

Sport will be raising its newsstand price from $2 to $2.25 starting next month—the first increase since July 1983. The monthly title's basic subscription price has stood pat at $12 per year since May 1982, although the introductory promotion price has gone up since 1985.

David Obey, circulation director, says that the magazine is "lucky enough to be strong on the newsstand. We need to take advantage of our situation." He acknowledges, though, that despite his own company's move, most circulators are reluctant to raise newsstand prices in view of soft retail sales.

Forbes boosted its subscription rate from $42 to $45 in January, the first increase in two years. Prior to that, the magazine had increased its rates on an annual basis for several years.

Circulation director John Thornton attributes the latest rate hike, in part, to the anticipated postal increases. "We make a constant effort to have subscribers pay their fair share of the costs and not dump it all on advertisers," he says.

At Petersen Publishing, Nigel Heaton, vice president of circulation, says he is moving subscription prices up "as much as the market can bear." In the single-copy area, however, he will not be as aggressive in 1988 as he was this year and last, in light of the price resistance that is setting in.□

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Circulation salary survey

Who's earning what in circulation, analyzed by job title, area, frequency, and more

BY ROBERT M. STEED

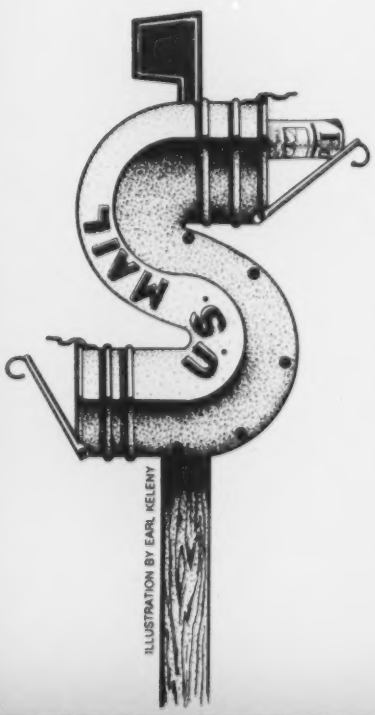


ILLUSTRATION BY EARL KELENY

"I expect to be a publisher within five years. I feel that with an increased emphasis on circulation, it is now a viable alternative for publishing executives to promote circ people into management positions."
—Circulation director in the West, earning $30,000 in salary.

"Five more years in circulation? Unthinkable! I'm going to retire and write mysteries in which the victims will inevitably be publishers, and the heroine/detective a former circulation director. (The ad director did it!)"
—Circulation director in the West, earning salary and bonus of $60,000.

Circulation professionals seem to have a love/hate relationship with their jobs. Perhaps that's because they are at the confluence of all the pressures of publishing—responsible for marketing the editor's product, maintaining circulation for the ad director, developing marketing information about subscribers and audience—and meeting or exceeding the publisher's targets for circulation net income in the bargain. Or perhaps it's because circulation executives must manage a difficult—some might say inconsistent—balance between art and science, creativity and number-crunching.

FOLIO:'s third annual circulation compensation survey measures what those responsibilities are worth to publishers. It provides information on the salary and bonuses paid to top circulation executives (directors) and to those in the second level of circulation management (managers).

As is true in most professions, the compensation of circulators covers a wide range—from a salary of less than $20,000 for the person just beginning his or her career with a small regional publication, to the six-figure salary and bonus combination for a senior circulation executive with a large national magazine.

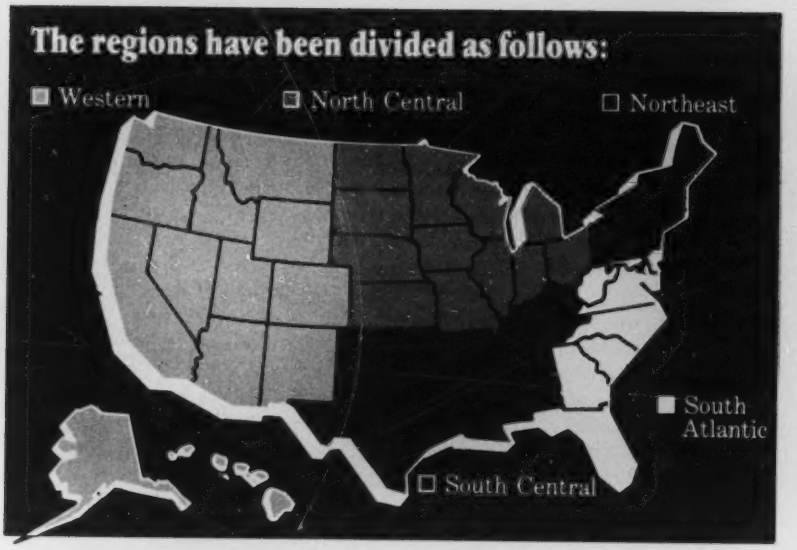
Some of the highlights of our findings:

- Being in a bonus plan pays off. Circulation directors and managers who are part of an incentive program receive over 30 percent more in total compensation than those who are paid salary only.
- The salary alone of those circulators who receive a bonus is higher than the salary of those not eligible for an incentive.
- The larger the magazine's circulation, the larger the executive's compensation. People working on publications with over 500,000 in circulation earn nearly double the compensation of those working on magazines with circulations under 20,000.
- Circulation executives at consumer monthlies are paid more, surprisingly, than their counterparts on weeklies, while for business publications, those at weeklies come out on top.
- Overall, consumer magazines pay better than business publications—by $5,000 for circulation directors and $5,500 for circulation managers; but that is caused entirely by pay levels on larger circulation magazines.

Circulation directors

As the top circulation executive, directors earn an average of $40,481 in salary and $42,990 in total compensation. This is over 50 percent higher

Robert Steed is managing director of Human Resource Services, Inc., a Manhattan-based firm providing a broad range of consulting services, including executive search, to the communications, consumer packaged goods and service industries. Before joining HRS, he was vice president and director of personnel for Time Inc.



than the averages for their primary subordinates, circulation managers.

Circulation directors receiving salary plus bonus average $48,579, almost $12,000 more than those who receive salary only. Indeed, the average salary of directors eligible for a bonus is $43,738, almost $7,000 higher than the $36,976 average of those paid only salary.

Directors are somewhat more likely to be eligible for incentive compensation if they are responsible for more than one magazine, have large numbers of subordinates, or work on larger circulation magazines. Still, many circulation directors who don't fit those criteria receive bonuses, suggesting that bonus eligibility is more dependent on profitability or the publisher's compensation philosophy than on more quantifiable factors.

Although circulation directors on consumer magazines average $5,000 more in salary than their business press counterparts, that is caused mainly by comparative pay levels on magazines with circulations over 100,000. For those working on smaller magazines, salaries at business publications exceed those paid by consumer magazines.

Salaries in the Northeast lead the nation, at $44,854. This is followed closely by an average of $42,045 paid to those working in the Far West. Compensation levels in the rest of the country trail far behind.

Female circulation directors earn an average salary of $37,954, or 89 percent of the $42,781 earned by their male counterparts. However, women and men eligible for a bonus receive nearly identical total compensation—$47,816 for women and $49,119 for men.

The other primary indicators of higher compensation for circulation directors are as follows:

- Number of years in the business—with salaries steadily rising from $31,573 for those with less than three years to $54,707 for those with more than 20.
- Size of the director's department—where salaries of circulation directors with a staff of more than 10 are nearly double those with no staff at all.
- Number of magazines the director manages—with those responsible for multiple titles earning salaries 18 percent higher than salaries of those with only one magazine under their direction.

Those same patterns are evident in the total compensation data—whether for circulation directors receiving salary and bonus or those paid a salary only.

It pays to work on a paid circulation consumer magazine, where salary averages $44,942 compared with $31,639 for nonpaid publications. The situation is reversed on business magazines, with circulation directors on nonpaid publications edging out their counterparts $38,121 to $36,691.

The impact of frequency is very difficult to judge from the data. Surprisingly, circulation directors of weeklies earn the lowest in terms of both salary and total compensation; however, the sample size among weeklies—19—is quite small. Moreover, the salaries of circulation directors of business weeklies outstrip those of circulation direc-

"I want to be circ director here. I find the learning curve very exciting, and feel I have direct impact on the success of my magazine."

—Circulation manager with two years' experience in the magazine industry, earning approximately $15,000.

"Basically, circulation is no growth to top management. Top management must learn to respect circulators for it to become a true growth position."

—Circulation director in the Northeast, earning roughly $60,000 in salary and bonus.

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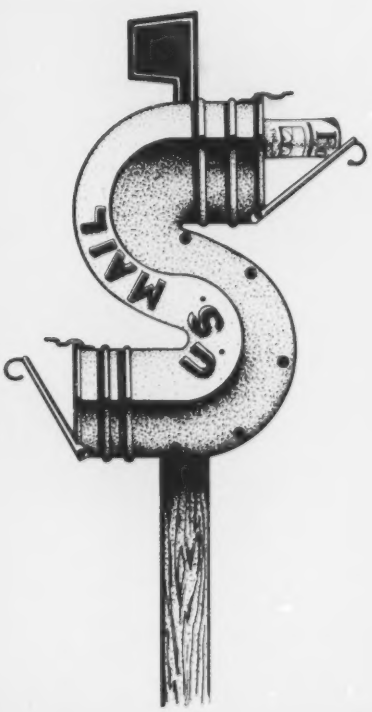
Circulation director: Salary only

"Having been involved in paid, controlled and combination circulation, fulfillment management and fulfillment service, I do find paid promotion/single-copy sales extremely challenging. Publishers do need to realize, though, that that is a full-time position requiring proper support staff. Just as fulfillment management is a full-time job. And all can be a source of revenue—directly or indirectly—and will certainly be instrumental in the overall reputation and profitability of a publication."

—Circulation director with 13 years' experience, earning salary and bonus of roughly $25,000.



Circulation director, or top circulation executive: Plans, directs and coordinates circulation marketing efforts. *Directly* responsible for budgeting and analyses of single-copy and *all* subscription programs, list rentals, *and* database planning and maintenance. Department head in both single and multi-title companies.

Average salaries (The number of respondents is in parentheses.)		**% increase from '86 to '87**
All respondents	$40,481 (191)	7.8%
Business	37,727 (84)	8.0
Consumer	42,644 (107)	7.6
Top one-third	$58,748 (63)	
Middle one-third	38,618 (64)	
Bottom one-third	24,363 (64)	

	Average	Average business	Average consumer
By region:			
Northeast	$44,854 (87)	$40,945 (34)	$47,362 (53)
South Atlantic	32,650 (15)	41,188 (8)	22,893 (7)
North Central	35,402 (42)	32,796 (25)	39,235 (17)
South Central	32,569 (13)	36,125 (8)	26,880 (5)
Western	42,045 (34)	37,611 (9)	43,641 (25)
By sex:			
Female	$37,954 (91)	$35,123 (38)	$39,984 (53)
Male	42,781 (100)	39,877 (46)	45,254 (54)
By years in business:			
Up to 3 years	$31,573 (40)	$35,540 (20)	$27,605 (20)
4-10	38,810 (84)	36,103 (31)	40,393 (53)
11-20	44,265 (42)	37,618 (22)	51,578 (20)
Over 20	54,707 (21)	49,045 (10)	59,855 (11)
By no. of employees supervised:			
None	$27,169 (17)	$26,667 (3)	$27,277 (14)
One/2	35,786 (59)	34,971 (28)	36,523 (31)
3-10	42,756 (84)	35,808 (37)	48,226 (47)
Over 10	53,598 (27)	49,282 (14)	58,246 (13)
Responsible for:			
One magazine	$36,211 (80)	$32,528 (29)	$38,306 (51)
More than one magazine	43,807 (109)	40,863 (53)	46,594 (56)
By circulation:†			
To 19,999	$29,227 (11)	$32,571 (7)	$23,375 (4)
20,000-49,999	32,463 (32)	34,578 (18)	29,743 (14)
50,000-99,999	36,893 (37)	39,513 (24)	32,058 (13)
100,000-499,999	41,620 (82)	39,707 (33)	42,908 (49)
500,000 and over	56,489 (26)	0 (0)	56,489 (26)
By frequency:†			
Weekly	$36,124 (19)	$44,050 (9)	$28,990 (10)
Monthly	41,347 (124)	36,159 (57)	45,761 (67)
Bimonthly	42,158 (13)	32,929 (7)	52,925 (6)
Other	39,155 (35)	43,727 (11)	37,059 (24)
By type of circulation:†			
Paid	$42,898 (113)	$36,691 (28)	$44,942 (85)
Nonpaid	36,393 (75)	38,121 (55)	31,639 (20)

†Refers to the largest circulation magazine on which respondent works

Circulation director: Average total compensation*

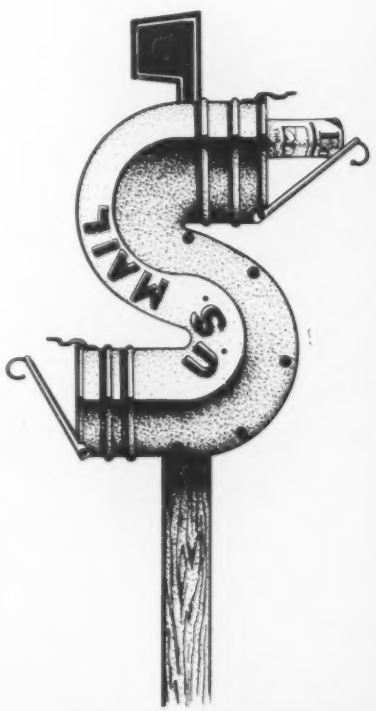
All respondents	$42,990 (191)
Salary and bonus	48,579 (99)
Salary only	36,976 (92)
Top one-third	
Salary and bonus	$71,414 (33)
Salary only	52,570 (30)
Middle one-third	
Salary and bonus	46,560 (33)
Salary only	35,578 (31)
Bottom one-third	
Salary and bonus	27,763 (33)
Salary only	23,282 (31)

	Salary & bonus*	Salary only*
By region:		
Northeast	$52,383 (48)	$42,374 (39)
South Atlantic	38,500 (8)	30,607 (7)
North Central	41,726 (25)	32,053 (17)
South Central	36,325 (4)	32,778 (9)
Western	57,036 (14)	34,751 (20)
By sex:		
Female	$47,816 (41)	$34,419 (50)
Male	49,119 (58)	40,020 (42)
By years in the business:		
Up to 3 years	$37,872 (20)	$28,505 (20)
4-10	47,006 (43)	34,979 (41)
11-20	52,280 (21)	42,483 (21)
Over 20	63,696 (12)	51,156 (9)
By no. of employees supervised:		
None	$29,575 (4)	$26,760 (13)
One/2	41,883 (32)	33,348 (27)
3-10	50,697 (45)	39,472 (39)
Over 10	59,411 (18)	54,900 (9)
Responsible for:		
One magazine	$43,132 (30)	$34,600 (50)
More than one magazine	51,388 (68)	39,799 (41)
By circulation:†		
To 19,999	$29,693 (8)	$35,333 (3)
20,000-49,999	37,593 (14)	30,639 (18)
50,000-99,999	43,569 (15)	34,802 (22)
100,000-499,999	48,706 (40)	39,321 (42)
500,000 and over	67,385 (20)	47,854 (6)
By frequency:†		
Weekly	$42,363 (12)	$31,286 (7)
Monthly	50,476 (64)	37,380 (60)
Bimonthly	53,721 (7)	33,758 (6)
Other	43,403 (16)	38,812 (19)
By type of circulation:†		
Paid	$56,127 (55)	$36,084 (58)
Nonpaid	38,996 (43)	37,465 (32)

*Categories are broken down by individuals receiving both salary and bonus and those receiving salary only
†Refers to the largest circulation magazine on which respondents work

"I like what I'm doing. In the past three years we changed parts of our circulation from paid to controlled. This has added interest to the job. I am just getting a PC now and look forward to using it to produce direct mail materials. My company will probably change fulfillment bureaus again, and I will be very involved in specifications and conversion requirements."

—Circulation director in the Northeast, earning salary in the low forties.



"What do I see down the line? Not circ! Ditch digging. Floor mopping. Anything. But please not circ. It's crazy. Too much work, work, work."

—Circulation manager in the West with more than 10 years' experience, earning salary and bonus in the low thirties.

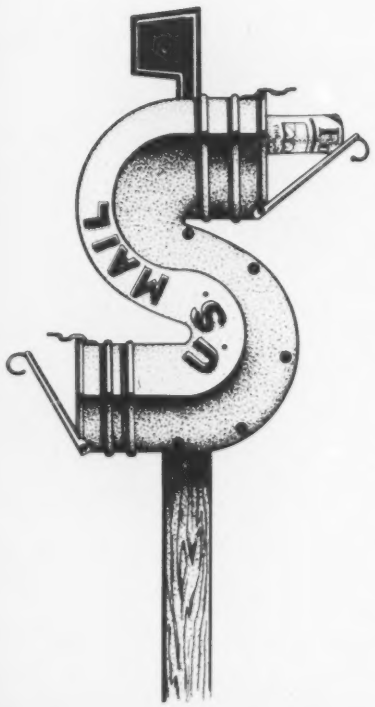
Circulation manager: Salary only

Circulation manager: Generally the second level of management in the circulation department. Administers circulation programs for subscriptions and single-copy sales. Handles all facets of circulation for one or more titles. Usually a position found in multi-title companies.

Average salaries (The number of respondents is in parentheses.)		% increase from '86 to '87
All respondents	$26,632 (137)	6.9%
Business	23,928 (67)	5.9
Consumer	29,614 (68)	8.0
Top one-third	$39,487 (45)	
Middle one-third	24,472 (46)	
Bottom one-third	16,216 (46)	

	Average	Average business	Average consumer
By region:			
Northeast	$29,600 (59)	$27,395 (23)	$31,451 (35)
South Atlantic	22,852 (18)	22,245 (12)	24,065 (6)
North Central	24,741 (25)	24,087 (18)	26,423 (7)
South Central	19,377 (7)	20,250 (2)	19,750 (4)
Western	26,312 (28)	19,342 (12)	31,540 (16)
By sex:			
Female	$24,500 (101)	$22,951 (58)	$27,114 (41)
Male	32,746 (35)	30,500 (8)	33,411 (27)
By years in business:			
Up to 3 years	$20,320 (55)	$20,030 (26)	$20,932 (27)
4-10	29,451 (57)	25,212 (25)	32,763 (32)
11-20	34,224 (17)	29,460 (10)	41,029 (7)
Over 20	40,000 (5)	31,750 (4)	73,000 (1)
By no. of employees supervised:			
None	$20,387 (43)	$20,399 (20)	$20,810 (21)
One/2	26,790 (43)	24,605 (20)	28,691 (23)
3-10	30,920 (42)	24,854 (21)	36,986 (21)
Over 10	38,233 (8)	33,132 (5)	46,733 (3)
Responsible for:			
One magazine	$21,603 (57)	$21,134 (32)	$22,759 (23)
More than one magazine	30,215 (80)	26,483 (35)	33,119 (45)
By circulation:†			
To 19,999	$18,449 (19)	$19,056 (14)	$16,900 (4)
20,000-49,999	20,838 (21)	22,062 (12)	19,205 (9)
50,000-99,999	24,056 (34)	25,538 (24)	21,056 (9)
100,000-499,999	29,421 (38)	25,184 (15)	32,184 (23)
500,000 and over	36,984 (25)	40,500 (2)	36,678 (23)
By frequency:†			
Weekly	$26,000 (9)	$26,500 (5)	$28,667 (3)
Monthly	26,333 (87)	22,384 (46)	30,763 (41)
Bimonthly	28,250 (8)	28,250 (8)	0 (0)
Other	27,426 (32)	26,875 (8)	28,108 (23)
By type of circulation:†			
Paid	$30,134 (73)	$25,829 (20)	$32,059 (52)
Nonpaid	22,638 (64)	23,119 (47)	21,669 (16)

†Refers to the largest circulation magazine on which respondent works



Circulation manager: Average total compensation*

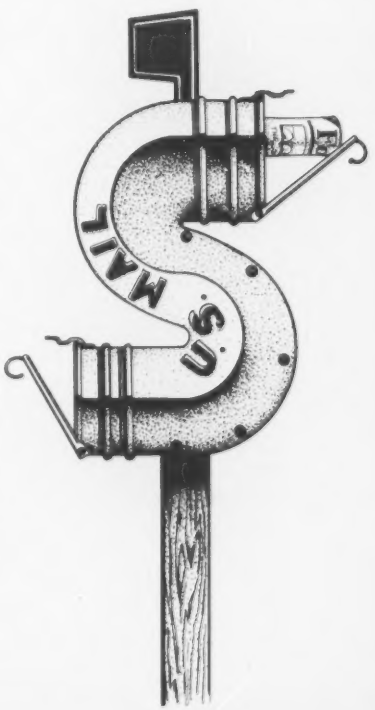
All respondents	$27,245 (137)
Salary and bonus	32,148 (53)
Salary only	24,152 (84)
Top one-third	
Salary and bonus	$48,892 (17)
Salary only	34,657 (28)
Middle one-third	
Salary and bonus	$30,026 (18)
Salary only	22,303 (28)
Bottom one-third	
Salary and bonus	$18,455 (18)
Salary only	15,496 (28)

	Salary & bonus*	Salary only*
By region:		
Northeast	$32,625 (28)	$28,396 (31)
South Atlantic	23,108 (6)	23,211 (12)
North Central	31,118 (7)	22,701 (18)
South Central	0 (0)	19,377 (7)
Western	36,154 (12)	20,356 (16)
By sex:		
Female	$27,291 (35)	$23,547 (66)
Male	42,321 (17)	26,372 (18)
By years in the business:		
Up to 3 years	$22,556 (18)	$19,678 (37)
4-10	34,948 (29)	25,403 (28)
11-20	40,262 (5)	32,658 (12)
Over 20	83,000 (1)	31,750 (4)
By no. of employees supervised:		
None	$24,132 (12)	$19,275 (31)
One/2	30,863 (19)	24,827 (24)
3-10	34,355 (17)	29,530 (25)
Over 10	48,760 (5)	27,220 (3)
Responsible for:		
One magazine	$23,709 (14)	$21,113 (43)
More than one magazine	35,177 (39)	27,339 (41)
By circulation:†		
To 19,999	$21,700 (1)	$18,279 (18)
20,000-49,999	25,550 (4)	20,188 (17)
50,000-99,999	25,752 (17)	23,194 (17)
100,000-499,999	33,455 (21)	26,404 (17)
500,000 and over	43,958 (10)	34,227 (15)
By frequency:†		
Weekly	$26,444 (4)	$26,200 (5)
Monthly	31,976 (35)	23,470 (52)
Bimonthly	32,825 (2)	27,333 (6)
Other	34,438 (12)	24,666 (20)
By type of circulation:†		
Paid	$37,664 (31)	$26,197 (42)
Nonpaid	24,374 (22)	22,107 (42)

*Categories are broken down by individuals receiving both salary and bonus and those receiving salary only
†Refers to the largest circulation magazine on which respondent works

"As soon as I graduated from high school, I was hired as a circ department clerical worker, then got promoted to circ manager last year. My goal is to have the title of circulation director. Right now I am pursuing a business administration degree to help me advance."

—Circulation manager with three years' experience, earning salary and bonus of about $20,000.



Are you getting maximum mileage from research?

Three key problem areas in the development and use of research must be resolved if research is to meet the needs of magazine professionals today

BY PIERCE HOLLINGSWORTH JR.

In many ways, the problem that car makers faced in the early 1970s parallels magazine research in the 1980s. Cars in the seventies were big and heavy, powered by gas thirsty V-8s. Then came the oil embargo—and expensive gas. Today cars are nimble, trim and pulled around by little sixes and turbo-fours. Today's cars are built more efficiently and they run more efficiently.

Today's research, however, is like yesterday's gas guzzler. It gets us where we want to go, but it doesn't go very far between fill-ups.

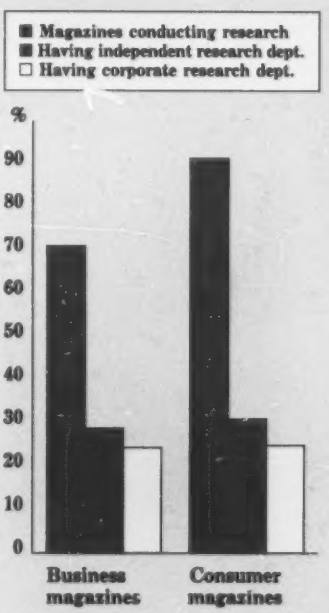
The challenge is to develop lean, nimble research management that efficiently involves all the wheels and cogs in the publishing machine. This goal is reachable, but getting there is tough because research often involves departments that traditionally don't mix well. And, the role of research is hotly debated, too.

An introspective research project recently completed by Northwestern University's Medill School of Journalism bears this out, and confirms what many magazine professionals have been grumbling about for some time. The study clarifies some of the key problem areas as perceived by 535 magazine professionals across all major departments, and it provides a hit list for any discussion of efficiency.

Medill's study was funded with proceeds from the school's Helen Gurley Brown Research Professorship Endowment, granted by the Hearst Corporation in 1985. The survey sample was compiled from 775 Magazine Publishers Association and Association of Business Publishers members interested in research, and 600 magazines

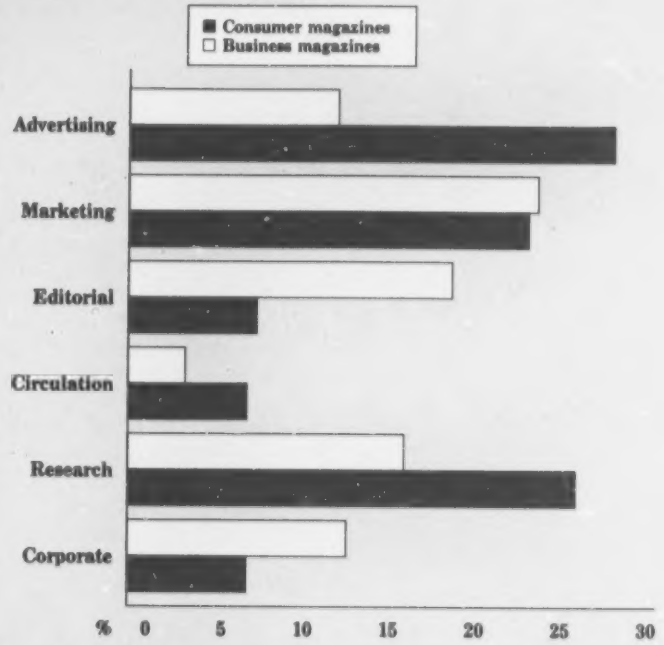
Pierce Hollingsworth is business manager for Allstate Enterprises Communications, a part of Allstate insurance, publishers of Mature Outlook *and* Discovery *magazines. Prior to joining Allstate he was a publishing consultant and professor at Northwestern University's Medill School of Journalism. In his capacity as consultant, Hollingsworth was involved with business planning for both trade and consumer magazines, repositioning and editorial. As a journalism professor, Hollingsworth taught courses in magazine development. He continues as an adjunct professor.*

Magazines conducting research



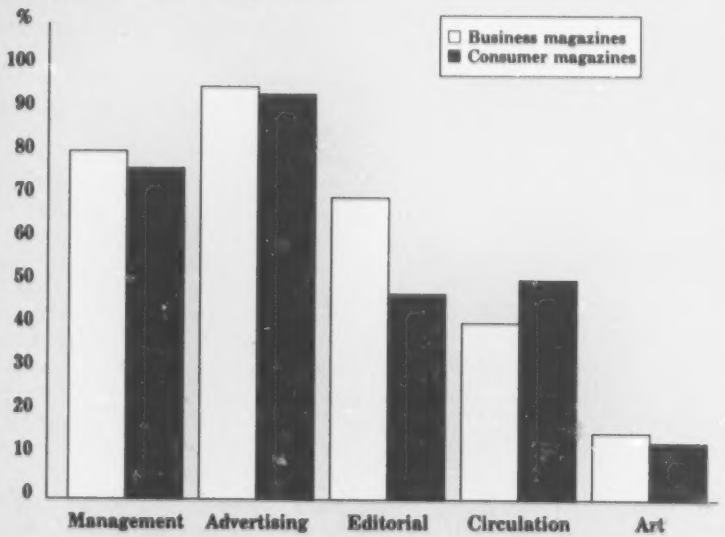
A high percentage of magazines conduct research. Independent research departments are those connected to one magazine title, generally; corporate research departments serve the broad research needs of more than one title or corporate function.

Departments with primary responsibility for research



Research responsibility is divided among various departments and magazine types. For business magazines, the marketing department most often has responsibility, while among consumer respondents, it's the advertising department.

Departments for which research is quite or very important



Research is important. Among respondents, advertising is the most important area for research activity. Art is the least important.

identified in 1986 Standard Rate and Data Service listings. Five hundred thirty-five questionnaires were returned, for a response rate of 39 percent.

The results show that the biggest problem faced by people involved with research is lack of time and money, both for development and evaluation of projects. The second biggest difficulty is in the use and understanding of results. It's clear, also, that the two problems are closely linked.

"The ranking for usage is notable. It's higher than poor return rates, lack of standardization and other topics commonly discussed in the field," says Tom Jacobson, Medill assistant professor, who, with adjunct professor Bernard Gordon, spearheaded the project. They stress that research potentials and limitations clearly are not understood within many companies, creating a significant efficiency problem in those organizations.

This, in turn, becomes a management problem. Because time and money generally are not variables, the solution must come from better use and understanding of results through better planning and communication.

Identifying the problems

Publishing executives, editors, researchers and sales professionals who were asked to respond to Medill's research findings in this area identified three basic problem areas associated with the use and understanding of research:

1. Insufficient input during planning.
2. Insufficient sharing of results between departments.
3. Poor communication, even when results are shared.

The problems vary a bit between consumer and business magazines (paid versus controlled circulation), and be-

tween large versus small companies. But there is a near universal sentiment that virtually all magazines could get more for the precious dollars they now spend—no matter the function.

"Out-of-pocket expenditures for research comprise 1.15 percent of gross revenue," Jacobson and Gordon write in their research summary. "This is $29,988 of $2.6 million per year for the median magazine in this sample." At a time when cost containment pressures are acute, greater efficiency is attractive, yet elusive.

Medill's study shows that the three identified problem areas are sticky because of a mix of culture, personnel training and background, publishing tradition and mindsets that are deeply rooted. Some of the study's verbatim comments bear this out. Responding to the question, "What is the main problem you confront in conducting and using research?" a researcher writes, "Getting agreement on the statement of the problem and then keeping the nonresearcher out of our lives."

From the editorial side comes, "Actual researchers don't see the big picture."

A sales executive writes, "You need to look beyond the numbers to trends."

From top management, two comments seem to summarize the general outlook: "Departments don't understand how to use research." And, "Research is often misinterpreted."

A call to arms

For some, this has become a call to arms. Among those reacting, in a series of telephone interviews, to the Medill findings and the need for research efficiency, there was a striking contrast in perspectives—but surprising agreement on where the problems lie.

"You can almost take any kind of [research] study and there should be some sort of interest by someone else on staff with another function," says David Forsyth, McGraw-Hill research vice president.

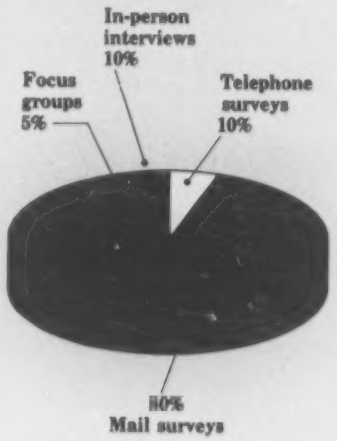
Forsyth stresses that more up-front interdepartmental involvement would increase research efficiency, especially in business publishing, but cultural practices make this simple concept tough to implement.

Foremost is the gulf that separates the key research players: editorial, sales and circulation. The division between editorial and sales traditionally is like the separation between church and state.

"Editorial is insular, it's the ethics of the business," Forsyth notes. This truth often prevents potentially important communication during the research planning process.

Use of various research methods

(Totals to over 100% because some studies use multiple methods)



Although there are various ways of conducting research, mail surveys were the method of choice for most respondents.

> "This fear is rooted in not wanting an outside force dictating the direction of the editorial product."

Take a business publication serving the food industry. An editor may have an intuition that a certain product category is on the move—say, Mongolian stir-fry vegetables. At the same time, the advertising department is conducting sales research to discover which products in which markets are moving, among its advertisers. If the editor learns about the research before the survey work is started, he may be able to piggyback a couple of questions that will serve to confirm—or refute—his intuition. But it's unlikely that the editor will find out about the research.

This reality has another negative effect: "One of the reasons we don't get funding for a research project is that the cost for that one project is just too high. If we could get those second and third uses in there, maybe we would have a better chance," says Arnold Consdorf, a former chief editor, now vice president and publisher of *Security World*, a Cahners magazine.

It's a matter of communication, and overcoming the reluctance of editors to talk to anyone in the advertising realm. It's also a matter of strengthening the link between these two groups and the circulation department—and strengthening the link each of these departments has with the research department.

This linkage problem is further compounded by both geography and mindset, the latter usually in the form of an antiresearch bias. "[Many editors] are not concerned because they don't believe in research. One of the biggest reasons [the editors] don't become more involved is that they're afraid of it," McGraw-Hill's Forsyth says. The fear he sees as rooted in ignorance. This is particularly true of editors who have never had any formal training in or exposure to research. And it's rooted in not wanting an outside force dictating the direction of the editorial product.

For some, this total separation is okay, even cultivated. Normally it's an attitude more common among larger consumer publications where editors, and other departments, have the money and resources to do for themselves within their own department and where shared information provides few insights.

According to Gil Maurer, president of Hearst's magazine division, "Editors by and large are terribly naive about research. They mistrust it, and when you begin to say let's do a little, they're like babes in the woods. . . . As a result, I generally don't encourage our editors to get involved in any quantitative research. I do encourage . . . more visceral stuff, which would have to do with focus groups, and so on."

Time Inc.'s Richard Stolley says simply, "Research tells you what's go-

ing on, not what's going to happen."

Neither Stolley nor Maurer sees particular value in front-end communication between the editorial and other departments when it comes to research, although Stolley does stress that in a start-up situation, when the knowledge base is being established, such cooperation is essential.

Stolley also finds little reason for editors to be irrationally fearful of the research process. "I don't know why editors are concerned about research as long as they operate in an atmosphere where they have the option of heeding it or not," he says.

Sharing research results

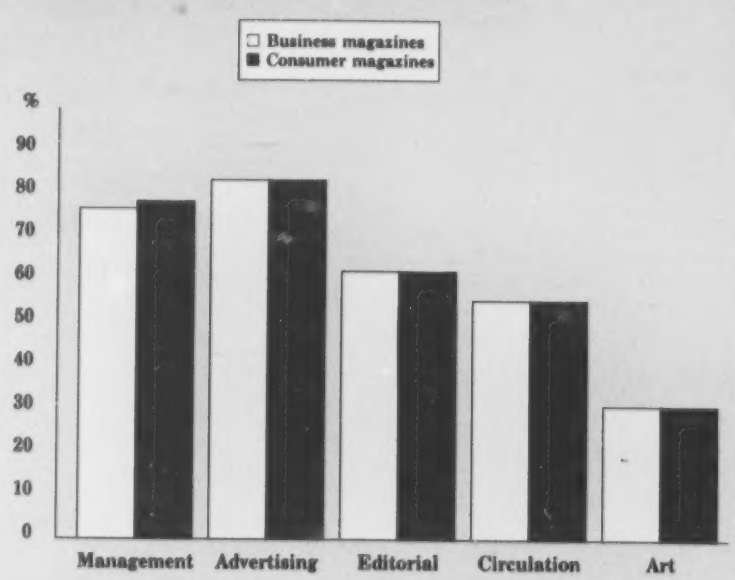
Medill's study indicates that while there's a sizable investment in research, nearly two out of three professionals surveyed said it is important for their editorial department to have more information about overall research activities and research results. Sentiments ran high for other departments too.

"There is near universal sentiment that all magazines could get more for the precious research dollars they spend—no matter what the function."

Essentially, the Medill study indicates a clear desire for a wider distribution of research information. Says William Coffee, executive vice president of William Coffee & Associates, advertising sales representatives for *Yankee* magazine, and a number of consumer and association publications, "We would welcome any and all information we can get from the editorial department because it gives us a lot of insight."

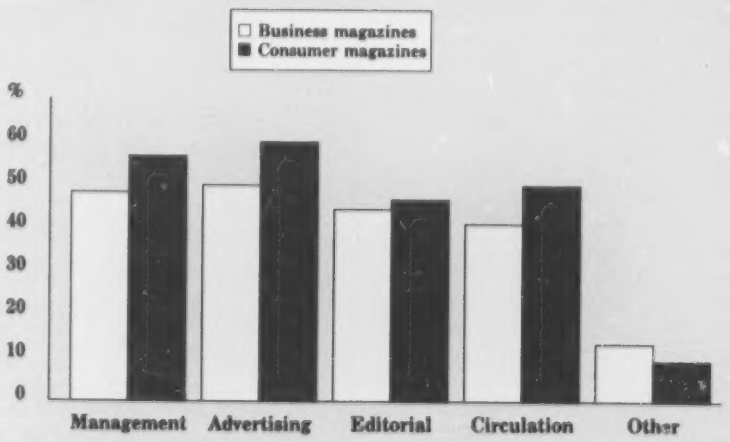
He explains that whether a sales department is in-house or a representative, it is helpful at least to be on the routing list for all magazine research, including circulation. It allows salespeople to pick and choose what is potentially valuable in preparing sales and marketing presentations. A look at everything is important because, "you don't always know what you're

Departments for which more research information is quite or very important



"More research" is indicated in virtually the same areas of current heavy activity. This indicates some dissatisfaction with current levels of research activity, in both consumer and business magazines.

It is quite or very important that research departments know more about . . .



Business and consumer publishing professionals indicate that research departments need to know more about daily activities of advertising, as the top priority. This indicates that various managers think the research department could generally become more effective if it gained more understanding of the other departmental activities and mindsets.

not getting," Coffee says. "If we had it, we could convert it."

Obstacles in this part of the efficiency puzzle are the same as those faced in developing the research—they simply arise after the research is complete. Mindset certainly is key among them, compounded by "interdepartmental possessiveness."

Forsyth explains it this way: "[The department head] will say 'I'm not particularly interested in sharing this . . . it's coming out of my budget, and I want to get everything I can out of it. They have their own money, let them do it.' "

"Although there was a striking contrast in perspectives, there was surprising agreement on where the problems lie."

Forsyth also notes the problem of departments being in "different places, different offices." This is especially true in larger companies, which may be scattered over several buildings or even states.

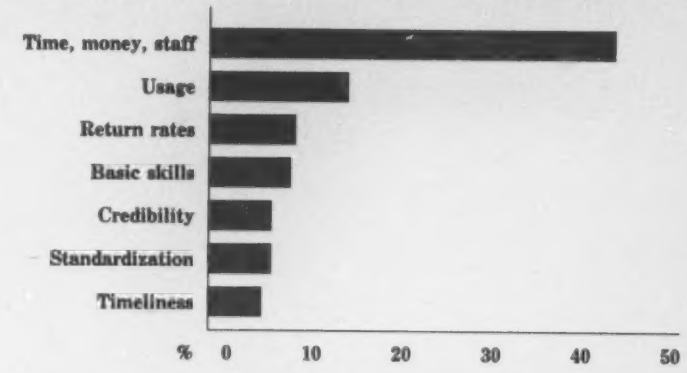
Because there may be little communication to start with, it's tough to develop lines that are set up solely to transfer research information. And this ties directly into the third problem element in the research efficiency puzzle: Communication.

Poor communication

The linchpin here is the research department, regardless of whether it's a single person or a layered department. In virtually all research situations, every department works with—and through—the research department. And it's in this process that efficiency usually suffers badly—simply because the different players all speak different languages and want different things.

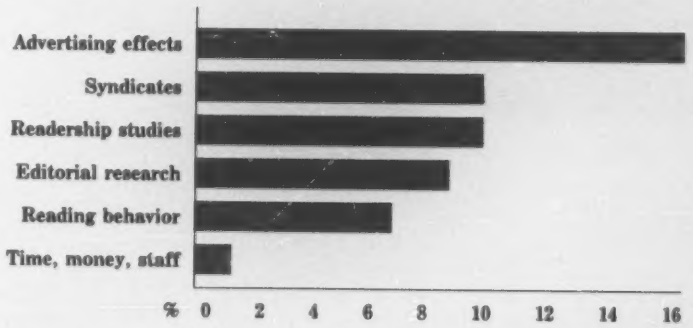
The sales department wants clean, clear, attractive, simple and favorable tools. The editorial department wants predigested directions that look ahead. The circulation department wants detail, consistency and verification. The

Main problem confronted daily in conducting research



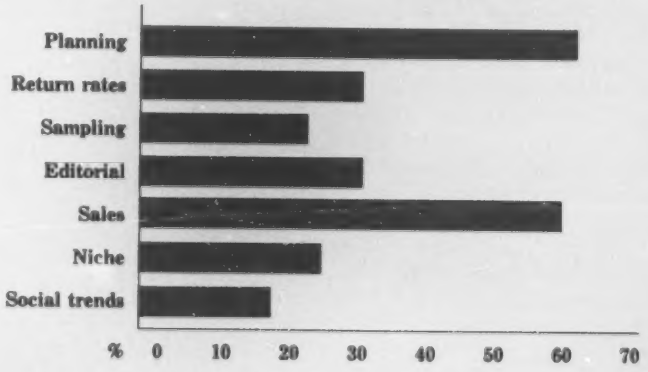
"Not enough time, money or staff" completely outdistanced all other research problems. Usage, however, was a significant second, indicating a notable lack of research efficiency.

Main problem warranting attention industry-wide



Where and how should research dollars be spent? Advertising again tops the list.

Topics on which more work is very important



Sales and planning topics head the list of research categories needing more work.

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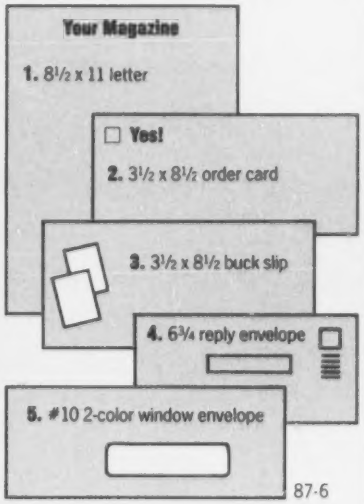

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researcher, on the other hand, often doesn't even have a publishing background and has a tough time wrestling with this communication problem.

Says Hearst's Maurer, "Most editors aren't too articulate on matters like [research]. And the research department doesn't understand the subtleties the editor is trying to get at. As a result, the two of them travel on parallel courses about a quarter of a mile apart."

Finding solutions

Solutions start with the fundamental question of what role research will play across all departments. And the answer must come from top management. Only from the top can culture-changing decisions have an impact.

"You've got to go with the publisher or the top person on the magazine. He has the authority," states Forsyth. He stresses that where the buck stops is where increased efficiency has to begin. A few possibilities:

•Invite more departments to participate in the research planning process. It needn't be a conference room situation on every occasion, but a system of posting pending projects would alert the players. From Stolley's perspective, "appropriate information is helpful to any editor, and he can decide if he's going to act on it."

> "Mindset is certainly a key, as is interdepartmental possessiveness, in this part of the efficiency puzzle."

•Define more clearly the role of research. Many fears are based on the perception that research, where it gets a foot in the door, will supersede intuition and personal judgment. This anxiety is especially severe in editorial. Stolley again: "The only problem with research is if everybody takes it too seriously. Fortunately, where you have checks and balances, that's not a problem."

•Educate research personnel, or hire researchers who understand the world of publishing. According to Maurer, "The research department has to work much harder and learn what the concerns of editors are and how to talk with them."

In addition to education, stature is important. According to Forsyth, research is "a poor stepchild for the most part . . . . I've attempted to increase the level of research people and put them in areas where they do interact as peers [with other department heads]." He cites *Business Week*'s vice president of marketing services and research position. And he insists that "the image of the researcher certainly could be raised across the board."

•Educate other departments. Each department needs a different educational experience in this context. Editors need to see how research can help them, and they need to demonstrate some leadership over their own research fate by communicating with the research department. In addition, they must be coached in how to avoid overreacting in the opposite direction. Says Maurer, "The problem in using research is that it takes a great deal of sophistication to use it well—and I have found that quantitative research is misused more than it's well used."

Salespeople, on the other hand, readily recognize the value of research. "They go out, make a call and are challenged immediately," Forsyth says. They appreciate what good, positive research can do for them. Nevertheless, they often have trouble articulating their needs and plotting overall sales-based research strategies.

The difficulty here is allocating the time for such education. It takes a management commitment.

Clearly the challenge is not an easy one. The Medill study underscores the importance that professionals in all the publishing functions place on broader use of research. The hard task is to make it happen without the kind of big investment Detroit put into its cars. The answer lies in broader, more productive use of existing research dollars, and this means training, changing culture and sharing ideas and information. Some bridges across the sales and editorial divide may have to be built—without violating the sanctity of the editorial product. It's going to take a creative commitment.

The last word goes to David Forsyth: "It's not a challenge you're going to solve overnight—but there aren't many of those anyway."□